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Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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September 15, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

27 September 15, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

**MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2016
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

Recommendation to approve premium rates for the 2016 calendar year for the medical, dental, life, and disability benefit plans applicable to represented and non-represented employees.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve proposed premium rates for County-sponsored plans as follows: (a) medical and dental rates and benefit coverage changes for represented employees for the period January 1, 2016 through December 31, 2016, as recommended in this letter and shown in Exhibit I; b) medical and dental rates for non-represented employees for the period January 1, 2016 through December 31, 2016, as recommended in this letter and shown in Exhibit II; (c) basic life and accidental death and dismemberment (AD&D) insurance rates for represented and non-represented employees and, for represented employees only, optional group term life and dependent life insurance rates, for the period January 1, 2016 through December 31, 2016, as shown in Exhibit III; (d) Supplemental Group Variable Universal Life (GVUL) and dependent term life for non-represented employees for the period January 1, 2016 through December 31, 2016 as shown in Exhibit III; (e) Survivor Income Benefit (SIB) rates for non-represented employees for the period January 1, 2016 through December 31, 2016, as shown in Exhibit III; and (f) rates for Short-Term Disability (STD), Long-Term Disability (LTD), and LTD Health Insurance plans, as shown in Exhibit IV.

2. Instruct County Counsel to review and approve as to form the appropriate agreements and/or amendments as follows: Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company (Anthem Blue Cross); Cigna Health and Life Insurance Company and Cigna Healthcare of

California, Inc. (Cigna); Kaiser Foundation Health Plan, Inc. (Kaiser); UnitedHealthcare of California and UnitedHealthcare Insurance Company (UnitedHealthcare); SafeGuard Health Plans, Inc. (SafeGuard); Delta Dental of California (Delta Dental PPO); Delta Dental of California for DeltaCare USA (DeltaCare USA); and Metropolitan Life Insurance Company (MetLife); or their successors and affiliates, as necessary, for the period January 1, 2016 through December 31, 2016.

3. Instruct the Mayor to sign the aforementioned agreements and/or amendments.
4. Approve proposed premium rates for the health plans sponsored by the Association for Los Angeles Deputy Sheriffs, Inc. (ALADS), California Association of Professional Employees (CAPE), and the Los Angeles County Fire Fighters Local 1014 (Local 1014), for the period January 1, 2016 through December 31, 2016, as shown in Exhibit V.
5. Instruct the Auditor-Controller to make all payroll system changes necessary to implement the changes recommended herein to ensure that all changes in premium rates are first reflected on pay warrants issued on January 15, 2016.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

PURPOSE

The County maintains employee health, dental, group life, and other insurance programs to provide benefits that promote the effectiveness, health, and welfare of its workforce. The current premium rates and/or agreements for all County and union-sponsored medical, dental, and life insurance plans will end on December 31, 2015. The purpose of the recommendations contained in this letter is to implement negotiated agreements with carriers to continue existing benefits and to adopt changes, as recommended, for the 2016 calendar year.

JUSTIFICATION

Overall Premium Negotiation Process and Results:

County-Sponsored Plans in General

The recommendations regarding the County-sponsored plans (Exhibits I, II, III, and IV) are the result of negotiations between the health, dental, and life insurance carriers and the County negotiating team consisting of representatives of the Chief Executive Office (CEO), Department of Human Resources (DHR), and the County's group insurance consultant, Aon Hewitt (Aon). The unions' benefit consultants also provided input during the insurance carrier negotiation process for County-sponsored plans with benefits governed by the Fringe Benefits Memoranda of Understanding (MOU) with Service Employees International Union Local 721 (Local 721) and the Coalition of County Unions (CCU).

Aon has concluded that the County-sponsored plans carriers' final negotiated rates are justified. Their opinion and the supporting due diligence are documented in Attachments A and B.

In general, County medical and dental plans are rated by carriers based on the cost of claims, claims trend, and administration costs. The ratings also consider the health risk and the utilization of health care by County employees and their covered dependents. The County-sponsored medical plan rates recommended in this letter will increase an average of 4.9 percent for represented employees

and 8.4 percent for non-represented employees, for an overall average increase of 5.5 percent over 2015 rates. Aon estimates that the average nationwide medical cost trends will range from an 8 to 10 percent increase in 2016, compared to 2015, depending on the plan type, which is approximately 2.5 to 4.5 percent greater than the County plan premium increases for 2016. These trends include between 0.4 to 3.4 percent in fees and assessments that will be imposed on the health plans in 2016 under the Affordable Care Act (ACA).

The nationwide dental cost trend continues to be more moderate than the medical cost trend, averaging a 3 percent to 5 percent increase over 2015, depending on the type of plan. The rates for the County's Delta Dental PPO plan, which covers the majority of the County's employees, will remain unchanged for represented and non-represented employees for 2016.

Basic life, AD&D, optional group term life, and dependent life insurance rates for 2016 will remain the same as the 2015 rates for represented employees. Supplemental GVUL and dependent term life insurance rates, and SIB rates, for non-represented employees will also remain unchanged for 2016.

County-Approved Union-Sponsored Plans

The premium and benefit recommendations in Exhibit V for County-approved union-sponsored health plans were negotiated by the sponsoring unions and evaluated by the CEO and DHR pursuant to the relevant provisions of the CCU Fringe MOU and County Code. The joint CEO and DHR recommendations are provided later in this report.

Renewal Policy and Process

In accordance with County policy, the County negotiating team requires all carriers to justify rates and support proposed contract terms for the upcoming plan year. The rate renewal process for 2016(Attachments A and B) was designed to encourage full involvement and transparency among all County, union, and carrier stakeholders. The process involved production of data by carriers as needed, identification, in-depth analysis, and evaluation of all material underwriting issues in carrier proposals, and documentation of due diligence and financial results. All parties complied with the process.

Overall Results

Attachment C is a high level summary of carrier negotiation results that compare the estimated actual total premiums from initial carrier premium quotes for 2016 with the final result after performance guarantee review, challenges to carrier underwriting, benefit changes and negotiation. Total savings from initial carrier proposals is \$10.6 million. This amount includes \$9.7 million in negotiated savings and \$960,113 from performance guarantee refunds and rate credits.

Total 2016 premiums to be paid to health, dental, group life, and other insurance plan carriers are estimated to be \$1.45 billion, of this total approximately \$1.191 billion is for County-sponsored plans and \$257.9 million for Union-sponsored plans. This is an increase of approximately \$90 million (6.6 percent) over 2015.

Attachment C also reflects the percentage increase for each carrier by cafeteria plan, as well as the total increase for County-sponsored health, dental, group life, and other insurance programs. The increase in medical plan premiums estimated to be paid to health carriers during 2016, as shown on Attachment C, will range from 3.8 percent to 9.7 percent (5.5 percent average). This is lower than the expected average projected nationwide medical cost trend increase of 8 to 10 percent. The 2016

dental rates, basic life, optional life, dependent life, and AD&D insurance rates will also remain the same as 2015 for represented and non-represented employees.

2016 Premium Rates Recommended for Approval:

Recommended Rates

County and union-sponsored health, dental, group life, and other insurance rates recommended for adoption are shown in Exhibits I through V. Unless otherwise noted in this letter, the rates support existing benefits consistent with the applicable MOU or County Code provision. The rates shown in these exhibits are the monthly prices that employees will pay from County cafeteria plan contributions after County subsidies are subtracted from negotiated premium rates paid to carriers. For this reason, percentage increases in premium rates to be charged to employees as shown in the Exhibits, in many cases, may differ from the negotiated increases in premium to be paid to carriers as reported in the body of this letter and in Attachment C.

Union Concurrence

On July 9, 2015, the CCU and management representatives in the Labor-Management Employee Benefits Administration Committee (EBAC) voted to recommend the premium rates for employees represented by the CCU.

On July 15, 2015, Local 721 and management representatives in the Labor-Management Benefits Administration Committee (BAC) voted to recommend the premium rates for the County-sponsored plans applicable to employees represented by Local 721.

Impact of the Affordable Care Act

In general, the ACA enacted reforms to provide affordable health insurance to 44 million uninsured Americans and to reduce the growth in health care spending. In 2016, fees and assessments mandated by the ACA on health insurance providers will account between 0.4 to 3.4 percent of health care premium costs. These fees and assessments include a Health Insurance Industry fee, a Reinsurance Assessment, and the Patient Centered Outcomes Research Institute (PCORI) fee. These fees and taxes help fund the ACA.

The ACA requires that most Americans have health coverage in 2016 or pay a penalty. This requirement is referred to as the Individual Mandate and was first effective in 2014. Effective beginning with the 2015 plan year, large employers, including the County, are now also required to offer adequate, affordable insurance to all full-time employees. This requirement is referred to as the Employer Mandate. The health coverage offered to County employees more than meets the standards of both the Individual Mandate and the Employer Mandate of the ACA.

The health insurance marketplaces and exchanges operated by or for the States under the ACA are designed primarily for individuals who are not offered employer subsidized health insurance coverage or are offered coverage that does not meet the ACA's minimum value and affordability standards. Therefore, the health insurance marketplaces and exchanges are generally not relevant to County employees. Nevertheless, as required by the U.S. Department of Labor, the County will deliver an informational notice about the health insurance marketplaces in the County's 2016 benefits enrollment packages.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan by promoting the well-being of County employees and their families by offering comprehensive employee benefits.

FISCAL IMPACT/FINANCING

Each cafeteria plan, including represented employee plans provided by MOUs with County unions, provides for a County contribution and, in some cases, an additional subsidy to help pay the cost of insurance benefits. Employees pay for additional costs above and beyond the County contributions through payroll deductions.

For represented employees, the County contributions and subsidies to the cafeteria plans are determined through the collective bargaining process. The negotiated amounts currently in effect are set out in the 2014-2015 fringe benefit agreement with Local 721 and the amendment to the fringe benefit agreement with CCU, which expire on September 30, 2015. Until such time as the current contributions and subsidies are changed by successor agreements, there will be no change in the County costs related to the cafeteria plans or group insurance benefits. Pending that event, the increase in 2016 premium costs for group insurance premiums recommended herein will be borne entirely by the affected employees through payroll deductions.

To preserve internal equity, similar treatment will be extended to non-represented employees. All premium rate increases affecting non-represented employees will be absorbed by the employees through payroll deductions pending any future Board action regarding cafeteria plan contribution or subsidy amounts.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The general facts concerning 2016 premium rates and benefit adjustments for County-sponsored plans affecting both represented and non-represented employees are stated in this section. The details of each carriers' County-sponsored medical, dental, group life, and other insurance plan proposal, Aon's evaluation and opinion concerning their justifications, and terms of offer are given in Attachments A and B.

Medical Plan Rates Affecting Represented Employees:

Cigna Rates for 2016

Cigna provides two different plans to employees represented by the CCU: a Health Maintenance Organization (HMO) and a point of service plan (POS). The 2016 negotiated contract rates for the HMO and POS plans will both increase 6.9 percent. Aon's opinion certifying Cigna's 2016 rates as justified is included in Attachment A.

Kaiser Rates for 2016

Kaiser's 2016 rates will increase 3.8 percent for the CCU plan and 3.9 percent for the Local 721 plan.

Aon's opinion certifying Kaiser's 2016 rates as justified is included in Attachment A.

UnitedHealthcare Benefit Plan Changes and Rates for 2016

UnitedHealthcare provides two fully insured plans to employees represented by Local 721: an HMO and a preferred provider organization (PPO) plan. The 2016 overall negotiated contract premium rates for both plans will increase 6.4 percent (6.3 percent for the HMO and 20 percent for the PPO). Aon's opinion certifying UnitedHealthcare's 2016 rates as justified is included in Attachment A.

The UnitedHealthcare Plans will lose grandfathered status under the ACA for the 2016 plan year, which will result in minor benefit enhancements to comply with ACA regulations.

Union-Sponsored Benefits Plan Rates for 2016

Premiums for County approved union-sponsored plans will also increase for 2016. The estimated increase in premiums paid to carriers in 2016 on behalf of the union-sponsored plans is approximately \$12.5 million or 5.1 percent over 2015. Proposed 2016 premium increases to be paid to carriers for the Association of Los Angeles Deputy Sheriffs (ALADS), California Association of Professional Employees (CAPE), and Los Angeles County Fire Fighters Association (Local 1014) plans are summarized below:

1. ALADS, 5.4 percent increase;
2. CAPE, 4.8 percent increase; and
3. Local 1014, 4.9 percent increase.

The subsidized rates to be paid by employees enrolled in union-sponsored plans are summarized in Exhibit V. Union-sponsored plans' 2016 rates are documented in the Union request letters attached to Exhibit V. We have reviewed the changes for all three plans and support them.

Dental Plan Rates Affecting Represented Employees:

The recommended employee contribution rates for County-sponsored represented employee dental plans are summarized in Exhibit I. The employee contribution rates shown for the Delta Dental PPO plan are Delta's proposed rates for 2016, less current County subsidies included in the 2014-15 fringe benefit agreements with Local 721 and the CCU. The rates for prepaid dental plans (DeltaCare USA and SafeGuard) are the rates negotiated with the carriers.

The Delta Dental PPO plan contract rates will remain the same as 2015 for the CCU and Local 721 for 2016.

DeltaCare USA's rates remain the same as 2015 for the CCU and Local 721 for 2016.

SafeGuard's contract rates will remain the same as 2015 for 2016.

Aon's opinion certifying the dental rates as justified is included in Attachment B.

Life Insurance and Disability Programs for Represented Employees:

Basic term life, optional group term life, dependent life insurance, and AD&D insurance rates remain the same as 2015 for 2016.

Medical Plan Rates Affecting Non-represented Employees:

Non-represented employees who participate in the MegaFlex and Flexible Benefit plans have a choice between Kaiser and four Anthem Blue Cross health plans, which include an HMO, POS, PPO, and a Catastrophic Plan. For 2016, the average increase in contract rates for the Anthem Blue Cross HMO and Anthem Blue Cross indemnity plans (POS, PPO, and Catastrophic) will be 9.7 percent. Kaiser's 2016 rates will increase 6 percent over the 2015 rates.

There are currently no employees enrolled in the Kaiser Mid-Atlantic plan. This plan is offered to the few County employees working in the Washington, D.C. area. Kaiser notified the County that employees may enroll in the plan for 2016 if desired and rates will be set upon enrollment.

Aon has reviewed the proposed increases and recommends that the County accept the final 2016 renewals offered by Anthem Blue Cross and Kaiser. See attachment B for their review and opinion.

We recommend that the Board continue the historical County practice of funding any difference between the negotiated contract cost of these plans and the contribution paid by the employees. The recommended employee contribution rates for non-represented employees are summarized in Exhibit II. However, as mentioned earlier, any increases to the County subsidy will be determined after labor negotiations are completed.

Dental Plan Rates Affecting Non-represented Employees:

The recommended employee contribution rates for County-sponsored non-represented employee dental plans are summarized in Exhibit II. The Delta Dental PPO rates have been reduced by current County subsidies previously approved by the Board. The rates for prepaid dental plans (DeltaCare USA and SafeGuard) are the rates negotiated with the carriers.

The 2016 Delta Dental PPO, DeltaCare USA, and SafeGuard's contract rates will remain the same as 2015 rates.

Aon's opinion certifying the dental rates as justified is included in Attachment B.

Life Insurance and Disability Programs for Non-represented Employees:

GVUL life, dependent term life, and SIB insurance rates remain the same as 2015 for 2016. Cigna's basic term life insurance for non-represented employees under the Flex plan remains the same for 2016. Cigna's AD&D rates remain the same for 2016.

There will be no changes in the cost of LTD, LTD Health Insurance, and STD rates for 2016.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

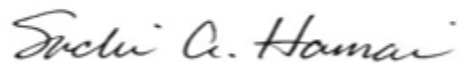
None.

The Honorable Board of Supervisors

9/15/2015

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Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:JJ:MTK

SM:DC:mst

Enclosures

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Human Resources
SEIU Local 721
Coalition of County Unions
Aon Hewitt

**COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR REPRESENTED EMPLOYEES
CURRENT 2015 RATES AND PROPOSED 2016 RATES**

Plan	Option	Coverage Category ^a	Current 2015 Rates ^b	Proposed 2016 Rates ^b	Percentage Change
CIGNA	Network HMO	1	\$ 700.16	\$ 747.89	6.8%
Choices		2	\$ 1,400.88	\$ 1,497.57	6.9%
		3	\$ 1,613.17	\$ 1,724.53	6.9%
	Network POS	1	\$ 1,259.23	\$ 1,345.81	6.9%
		2	\$ 2,243.22	\$ 2,398.48	6.9%
		3	\$ 2,353.20	\$ 2,516.09	6.9%
CIGNA	Network HMO	1	\$ 694.16	\$ 741.89	6.9%
Options		2	\$ 1,397.32	\$ 1,494.01	6.9%
		3	\$ 1,607.61	\$ 1,718.97	6.9%
	Network POS	1	\$ 1,253.23	\$ 1,339.81	6.9%
		2	\$ 2,239.66	\$ 2,394.92	6.9%
		3	\$ 2,347.64	\$ 2,510.53	6.9%
KAISER		1	\$ 637.71	\$ 661.86	3.8%
Choices		2	\$ 1,269.96	\$ 1,318.27	3.8%
		3	\$ 1,474.02	\$ 1,530.06	3.8%
KAISER		1	\$ 599.92	\$ 623.40	3.9%
Options		2	\$ 1,202.85	\$ 1,249.79	3.9%
		3	\$ 1,394.74	\$ 1,449.20	3.9%
UNITEDHEALTHCARE	HMO	1	\$ 621.24	\$ 660.44	6.3%
Options		2	\$ 1,258.02	\$ 1,337.21	6.3%
		3	\$ 1,456.74	\$ 1,548.47	6.3%
	PPO	1	\$ 1,737.75	\$ 2,085.86	20.0%
		2	\$ 3,512.46	\$ 4,215.46	20.0%
		3	\$ 4,069.24	\$ 4,883.79	20.0%
^a 1 = Employee only					
2 = Employee + 1 Dependent					
3 = Employee + 2 or more Dependents					
^b Rates reflect current negotiated County subsidies					
CIGNA, Kaiser, and UnitedHealthCare rates include mandatory Federal healthcare reform & Autism benefit costs.					

**COUNTY-SPONSORED
MEDICAL AND DENTAL INSURANCE PLANS
FOR REPRESENTED EMPLOYEES
CURRENT 2015 RATES AND PROPOSED 2016 RATES**

Plan	Option	Coverage Category ^a	Current 2015 Rates ^b	Proposed 2016 Rates ^b	Percentage Change
DELTA DENTAL ^b		1	\$ 23.26	\$ 23.26	0.0%
Choices		2	\$ 38.92	\$ 38.92	0.0%
		3	\$ 58.33	\$ 58.33	0.0%
DELTA DENTAL ^b		1	\$ 40.48	\$ 40.48	0.0%
Options		2	\$ 67.82	\$ 67.82	0.0%
		3	\$ 102.25	\$ 102.25	0.0%
DELTACARE USA		1	\$ 15.09	\$ 15.09	0.0%
Choices & Options		2	\$ 24.88	\$ 24.88	0.0%
		3	\$ 36.87	\$ 36.87	0.0%
SAFEGUARD		1	\$ 11.34	\$ 11.34	0.0%
Choices & Options		2	\$ 21.87	\$ 21.87	0.0%
		3	\$ 28.51	\$ 28.51	0.0%
^a 1 = Employee only					
2 = Employee + 1 Dependent					
3 = Employee + 2 or more Dependents					
^b Delta Dental rates reflect negotiated County subsidy.					

COUNTY-SPONSORED MEDICAL AND DENTAL INSURANCE PLANS FOR NON-REPRESENTED EMPLOYEES CURRENT 2015 RATES AND PROPOSED 2016 RATES					
Plan	Option	Coverage Category ^a	Current 2015 Rates ^b	Proposed 2016 Rates ^b	Percentage Change
ANTHEM BLUE CROSS	CaliforniaCare HMO	1	\$ 257.00	\$ 309.00	20.2%
		2	\$ 504.00	\$ 605.00	20.0%
		3	\$ 529.00	\$ 635.00	20.0%
		4	\$ 598.00	\$ 718.00	20.1%
	PLUS POS	1	\$ 389.00	\$ 467.00	20.1%
		2	\$ 782.00	\$ 939.00	20.1%
		3	\$ 801.00	\$ 962.00	20.1%
		4	\$ 891.00	\$ 1,070.00	20.1%
	Catastrophic	1	\$ 199.00	\$ 93.00	-53.3%
		2	\$ 400.00	\$ 480.00	20.0%
		3	\$ 407.00	\$ 489.00	20.1%
		4	\$ 470.00	\$ 565.00	20.2%
	Prudent Buyer PPO	1	\$ 498.00	\$ 598.00	20.1%
		2	\$ 913.00	\$ 1,097.00	20.2%
		3	\$ 947.00	\$ 1,137.00	20.1%
		4	\$ 1,099.00	\$ 1,320.00	20.1%
KAISER Flex/Megaflex	1	\$ 257.00	\$ 309.00	20.2%	
	2	\$ 504.00	\$ 605.00	20.0%	
	3	\$ 529.00	\$ 635.00	20.0%	
	4	\$ 598.00	\$ 718.00	20.1%	
DELTA DENTAL ^c Flex/Megaflex	1	\$ 31.85	\$ 31.85	0.0%	
	2	\$ 51.16	\$ 51.16	0.0%	
	3	\$ 54.59	\$ 54.59	0.0%	
	4	\$ 81.76	\$ 81.76	0.0%	
DELTACARE USA Flex/Megaflex	1	\$ 15.09	\$ 15.09	0.0%	
	2	\$ 26.07	\$ 26.07	0.0%	
	3	\$ 25.88	\$ 25.88	0.0%	
	4	\$ 37.57	\$ 37.57	0.0%	
SAFEGUARD Flex/Megaflex	1	\$ 11.34	\$ 11.34	0.0%	
	2	\$ 21.23	\$ 21.23	0.0%	
	3	\$ 23.93	\$ 23.93	0.0%	
	4	\$ 31.23	\$ 31.23	0.0%	
^a 1 = Employee only					
2 = Employee + Child(ren)					
3 = Employee + Spouse					
4 = Employee + Spouse + Chil(ren)					
^b Rates, where applicable, are net of County subsidy; except that the premium charged to an employee whose benefits are subject to COBRA is the carrier quoted rate plus an administrative charge as prescribed by COBRA.					
Anthem Blue Cross rates include the cost of the 360° health programs and the cost of the vision benefit for the HMO, POS, and PPO.					
Anthem Blue Cross and Kaiser rates include mandatory Federal healthcare reform & Autism benefit costs.					
^c Delta Dental rates reflect negotiated County subsidy.					

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2015 RATES AND PROPOSED 2016 RATES					
				Monthly Cost per \$1,000 of Insurance	
				<u>2015^a</u>	<u>2016^a</u>
COUNTY-PAID BASIC GROUP TERM-LIFE INSURANCE				\$0.146	\$0.146
OPTIONAL GROUP TERM LIFE INSURANCE FOR REPRESENTED EMPLOYEES					
Employee: The monthly premium per \$1,000 of insurance is based on the employee's age as shown in the following table:					
<u>Age</u>				<u>2015^a</u>	<u>2016^a</u>
Less than 30				\$0.037	\$0.037
30-34				\$0.064	\$0.064
35-39				\$0.072	\$0.072
40-44				\$0.081	\$0.081
45-49				\$0.120	\$0.120
50-54				\$0.184	\$0.184
55-59				\$0.346	\$0.346
60-64				\$0.530	\$0.530
65-69				\$0.756	\$0.756
70 and over				\$1.454	\$1.454
Dependent Term Life Insurance:				<u>2015</u>	<u>2016</u>
Cost per month per \$5,000 of coverage, no matter how many eligible dependents employee may have.				\$0.876	\$0.876
Coverage is offered in increments of \$5,000 up to \$20,000.					
Dependent coverage cost is charged to the employee.					
^a The County subsidizes 15% of the monthly premium.					

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE - Cost per Month					
	Current 2015 Rates			Proposed 2016 Rates	
	Employee Only	Employee & Dependents		Employee Only	Employee & Dependents
<u>Employee Coverage</u>	<u>Plan G</u>	<u>Plan H</u>		<u>Plan G</u>	<u>Plan H</u>
\$ 10,000	\$0.13	\$0.25		\$0.13	\$0.25
\$ 25,000	\$0.33	\$0.63		\$0.33	\$0.63
\$ 50,000	\$0.65	\$1.25		\$0.65	\$1.25
\$100,000	\$1.30	\$2.50		\$1.30	\$2.50
\$150,000	\$1.95	\$3.75		\$1.95	\$3.75
\$200,000	\$2.60	\$5.00		\$2.60	\$5.00
\$250,000	\$3.25	\$6.25		\$3.25	\$6.25
\$300,000	\$3.90	\$7.50		\$3.90	\$7.50
\$350,000	\$4.55	\$8.75		\$4.55	\$8.75
<p>These figures apply regardless of employee's age. If Plan H is selected, all eligible dependents will be insured automatically.</p> <p>The maximum insurance coverage amount for represented participants is \$250,000.</p>					

LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT AND SURVIVOR INCOME BENEFIT PROGRAMS CURRENT 2015 RATES AND PROPOSED 2016 RATES					
OPTIONAL GROUP VARIABLE UNIVERSAL LIFE INSURANCE FOR FLEX/MEGAFLEX PARTICIPANTS					
Employee: The monthly premium per \$1,000 of insurance is based on the employee's age as shown in the following table:					
<u>Age</u>	<u>2016 Rate*</u>	<u>Age</u>	<u>2016 Rate*</u>	<u>Age</u>	<u>2016 Rate*</u>
20-24	\$0.038	57	\$0.283	77**	\$2.074
25-29	\$0.047	58	\$0.319	78**	\$2.341
30-34	\$0.055	59	\$0.357	79**	\$2.638
35-39	\$0.056	60	\$0.400	80**	\$3.405
40	\$0.065	61	\$0.451	81**	\$3.930
41-42	\$0.066	62	\$0.498	82**	\$4.287
43	\$0.074	63	\$0.535	83**	\$4.674
44	\$0.084	64	\$0.593	84**	\$5.092
45	\$0.093	65	\$0.616	85**	\$5.556
46	\$0.102	66	\$0.692	86**	\$6.042
47	\$0.110	67	\$0.736	87**	\$6.574
48	\$0.129	68	\$0.820	88**	\$7.144
49	\$0.138	69	\$0.911	89**	\$7.730
50	\$0.147	70	\$1.003	90**	\$8.329
51	\$0.165	71	\$1.109	91**	\$8.960
52	\$0.174	72	\$1.231	92**	\$9.607
53	\$0.191	73	\$1.352	93**	\$10.275
54	\$0.210	74	\$1.496	94**	\$10.953
55	\$0.238	75	\$1.649		
56	\$0.256	76**	\$1.831		
* Employee cost for MegaFlex employees is half of actual premium. The County pays the other 50%.					
** For employees age 76-94 who remain in County service, County will subsidize the difference between the employee's cost of coverage using the premiums for the employee's actual age and cost of coverage using age 75 rate.					

**LIFE, ACCIDENTAL DEATH AND DISMEMBERMENT
AND SURVIVOR INCOME BENEFIT PROGRAMS
CURRENT 2015 RATES AND PROPOSED 2016 RATES**

Dependent Term Life Insurance for Flex and MegaFlex Participants

Cost per month per \$5,000 of dependent life coverage, up to \$20,000.	<u>2016 Rate</u>
	1.12*

SURVIVOR INCOME BENEFIT - For MegaFlex participants enrolled in Retirement Plan E

	2016 Rates					
	Employee Age	Employee Cost*				
		(10% Option)	(15% Option)	(25% Option)	(35% Option)	(50% Option)
	Under 30	0.062%	0.093%	0.160%	0.216%	0.309%
	30 to 34	0.082%	0.123%	0.198%	0.285%	0.408%
	35 to 39	0.106%	0.159%	0.259%	0.372%	0.531%
	40 to 44	0.146%	0.219%	0.370%	0.510%	0.729%
	45 to 49	0.198%	0.297%	0.494%	0.691%	0.988%
	50 to 54	0.262%	0.393%	0.655%	0.916%	1.308%
	55 to 59	0.378%	0.567%	0.938%	1.322%	1.889%
	60 to 64	0.514%	0.771%	1.284%	1.799%	2.569%
	65 to 69	0.706%	1.059%	1.765%	2.471%	3.530%
	70 and over	1.254%	1.881%	3.136%	4.389%	6.270%
* Employee cost for MegaFlex is half of the actual premium. The County pays the other 50%.						

SHORT-TERM DISABILITY, LONG-TERM DISABILITY AND LONG-TERM DISABILITY HEALTH INSURANCE CURRENT 2015 RATES AND PROPOSED 2016 RATES					
MEGAFLEX SHORT-TERM DISABILITY PLAN					
Employee Cost as a Percentage of Monthly Salary:					
Current 2015 Rates			Proposed 2016 Rates		
<u>Income Replacement</u>	<u>Waiting Period</u>	<u>Cost</u>	<u>Income Replacement</u>	<u>Waiting Period</u>	<u>Cost</u>
70%	14 Days	0.000%	70%	14 Days	0.000%
100%*	7 Days	0.934%	100%*	7 Days	0.934%
* Reduced to 80% after 21 days					
MEGAFLEX LONG-TERM DISABILITY PLAN					
Employee Cost as a Percentage of Monthly Salary:					
Current 2015 Rates			Proposed 2016 Rates		
<u>Income Replacement</u>	<u>Plan E + * Retirement Plan</u>	<u>All Other Plans</u>	<u>Income Replacement</u>	<u>Plan E + * Retirement Plan</u>	<u>All Other Plans</u>
40%	0.000%	0.040%	40%	0.000%	0.040%
60%	0.117%	0.157%	60%	0.117%	0.157%
* Plan E plus 5 or more years of continuous service					

SHORT-TERM DISABILITY, LONG-TERM DISABILITY
AND LONG-TERM DISABILITY HEALTH INSURANCE
CURRENT 2015 RATES AND PROPOSED 2016 RATES

<u>LONG-TERM DISABILITY HEALTH INSURANCE - Cost per month</u>					
For Flex/MegaFlex Employees					
	<u>Current 2015 Rate</u>			<u>Proposed 2016 Rate</u>	
	75 % Premium Payment	100 % Premium Payment		75 % Premium Payment	100 % Premium Payment
	\$0.00	\$3.00		\$0.00	\$3.00
For Represented Employees					
	<u>Current 2015 Rate</u>			<u>Proposed 2016 Rate</u>	
	75 % Premium Payment	100 % Premium Payment		75 % Premium Payment	100 % Premium Payment
	\$0.00	\$3.00		\$0.00	\$3.00

ENCLOSURES TO EXHIBIT V

1. ALADS Request
2. CAPE Request
3. Los Angeles County Fire Fighters Local 1014 Request

UNION-SPONSORED					
MEDICAL AND DENTAL INSURANCE PLANS					
CURRENT 2015 RATES AND PROPOSED 2016 RATES					
Plan	Option	Coverage Category ^a	Current 2015 Rates ^b	Proposed 2016 Rates ^b	Percentage Change
ALADS	Prudent Buyer Plan	1	\$ 917.42	\$ 968.94	5.6%
Blue Cross	Under Age 50	2	\$ 1,787.94	\$ 1,889.48	5.7%
		3	\$ 2,055.90	\$ 2,172.53	5.7%
	Prudent Buyer Plan	1	\$ 917.42	\$ 968.94	5.6%
	Age 50 and Over	2	\$ 1,787.94	\$ 1,889.48	5.7%
		3	\$ 2,055.90	\$ 2,172.53	5.7%
	CaliforniaCare	1	\$ 621.62	\$ 656.05	5.5%
	Basic Plan (All Ages)	2	\$ 1,208.55	\$ 1,276.32	5.6%
		3	\$ 1,496.81	\$ 1,580.73	5.6%
	Prudent Buyer Plan	1	\$ 1,039.09	\$ 1,092.90	5.2%
	Premier Plan	2	\$ 1,909.61	\$ 2,013.44	5.4%
	Under Age 50	3	\$ 2,177.57	\$ 2,296.49	5.5%
	Prudent Buyer Plan	1	\$ 1,039.09	\$ 1,092.90	5.2%
	Premier Plan	2	\$ 1,909.61	\$ 2,013.44	5.4%
	Age 50 and Over	3	\$ 2,177.57	\$ 2,296.49	5.5%
	CaliforniaCare	1	\$ 743.29	\$ 780.01	4.9%
	Premier Plan (All Ages)	2	\$ 1,330.22	\$ 1,400.28	5.3%
		3	\$ 1,618.48	\$ 1,704.69	5.3%
CAPE (Choices)	Classic	1	\$ 832.00	\$ 878.00	5.5%
Blue Shield		2	\$ 1,611.00	\$ 1,700.00	5.5%
		3	\$ 1,918.00	\$ 2,024.00	5.5%
	Lite	1	\$ 512.00	\$ 536.00	4.7%
		2	\$ 1,051.00	\$ 1,101.00	4.8%
		3	\$ 1,312.00	\$ 1,375.00	4.8%
	PPO (Out-of-state only)	1	\$ 827.00	\$ 877.00	6.0%
		2	\$ 1,606.56	\$ 1,699.56	5.8%
		3	\$ 1,913.56	\$ 2,023.56	5.7%
CAPE (Options)	Classic	1	\$ 826.00	\$ 872.00	5.6%
Blue Shield		2	\$ 1,607.44	\$ 1,696.44	5.5%
		3	\$ 1,912.44	\$ 2,018.44	5.5%
	Lite	1	\$ 506.00	\$ 530.00	4.7%
		2	\$ 1,047.44	\$ 1,097.44	4.8%
		3	\$ 1,306.44	\$ 1,369.44	4.8%
	PPO (Out-of-state only)	1	\$ 821.00	\$ 871.00	6.1%
		2	\$ 1,603.00	\$ 1,696.00	5.8%
		3	\$ 1,908.00	\$ 2,018.00	5.8%
FIREFIGHTERS LOCAL 1014		1	\$ 723.00	\$ 758.00	4.8%
		2	\$ 1,374.56	\$ 1,441.56	4.9%
		3	\$ 1,633.56	\$ 1,713.56	4.9%
^a 1 = Employee only					
2 = Employee + 1 Dependent					
3 = Employee + 2 or more Dependents					
^b Rates reflect current negotiated County subsidies					

ALADS Insurance Trust

9500 Topanga Canyon Blvd. Chatsworth, CA 91311
Tel (818) 678-0040 • (800) 842-6635 • Fax (818) 678-0030

August 21, 2015

VIA U.S. MAIL AND E-MAIL: ECarillo@hr.lacounty.gov

Ms. Lisa M. Garrett, Director of Personnel
County of Los Angeles
Hall of Administration, Room 579
500 West Temple Street
Los Angeles, California 90012

Attention: Ms. Eliza Carrillo, Human Resources Manager
Department of Human Resources
Employee Benefits – Deferred Income Division
3333 Wilshire Blvd., Suite #1000
Los Angeles, California 90010

RE: ALADS/ANTHEM BLUE CROSS 2016 HEALTHCARE PLAN PREMIUMS

Dear Ms. Carrillo:

Following are the monthly premium rates for the ALADS Anthem Blue Cross Prudent Buyer and CaliforniaCare medical and dental plans for the 2016 plan year:

Plan	Employee	Employee + 1	Employee + 2
Prudent Buyer Basic	\$988.94	\$1,894.92	\$2,177.97
Prudent Buyer Premier	\$1,092.90	\$2,018.88	\$2,301.93
CaliforniaCare Basic	\$656.05	\$1,281.76	\$1,586.17
CaliforniaCare Premier	\$780.01	\$1,405.72	\$1,710.13

Further, the ALADS plans do provide "Creditable Coverage" as required by CMS. There will be no benefit changes for the benefit plan year 2016 other than as required by law.

Sincerely,



Bud Treece
ALADS Trust Administrator



August 12, 2015

Eliza Cardillo
Senior Human Resources Manager
Employed Benefits-Deferred Income Division
County of Los Angeles
Department of Human Resources
3333 Wilshire Boulevard
Los Angeles, CA 90010

Re: 2016 RENEWAL – CAPE/BLUE SHIELD MEDICAL PLANS

Dear Ms. Cardillo:

This letter is to advise you of the CAPE Benefit Trust Board of Trustees' approval of the renewal of Blue Shield's contracts for the year 2016 for the CAPE/Blue Shield Point of Service Classic, Lite and the out-of-state PPO COBRA medical plans. Attached please find the benefit structures and rates for all three plans.

There are no core benefit changes for 2016 other than any mandated regulatory changes. We appreciate you forwarding the 2016 CAPE/Blue Shield medical plans' information to the Board of Supervisors for their timely approval.

Sincerely,

CALIFORNIA ASSOCIATION OF
PROFESSIONAL EMPLOYEES BENEFIT TRUST

Nelson Manabat
Chairman
CAPE Benefit Trust Board of Trustees

Attachments

2016 CAPE/Blue Shield

Classic Plan*

(800) 487-3092 www.blueshieldca.com

BENEFITS	PRIMARY CARE NETWORK	PPO NETWORK	OUT-OF-NETWORK (Reimbursements Based On Allowable Amount)
Type of Plan		A Point of Service Plan	
Who is Eligible	All Participants	All Participants	All Participants
Calendar Year Deductible	None	\$300 per person; \$600 per family maximum (combined-PPO Network and Out-of-Network)	\$300 per person; \$600 per family maximum (combined-PPO Network and Out-of-Network)
Maximum Annual Out-of-pocket Expenses	\$1,500/person; \$3,000/family	After deductible, \$4,000/person; \$8,000/family (combined - PPO Network and Out-of-Network)	After deductible, \$6,000/person; \$12,000/family (combined - PPO Network and Out-of-Network)
Lifetime Maximum Benefit	Unlimited	Unlimited	Unlimited
PREVENTIVE CARE			
Immunizations	100%; no copayment	100% ; no copayment	100%; no copayment
Periodic Health Exams	100%; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography)	100% ; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)	100% ; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)
Vision Care	VSP Providers-\$10 exam copayment; \$10 lenses/frames/contact lenses copayment-up to \$120-one per 12 months	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105
MEDICALLY NECESSARY CARE			
Ambulance	100% after \$50 copayment	90% after deductible	90% after deductible
Doctor Office Visits	100% after \$10 copayment	100% after \$20 copayment for consultation only (not subject to deductible)	70% after deductible
Emergency Room	100% after \$50 copayment (waived if admitted)	100% after \$50 copayment (waived if admitted)	100% after \$50 copayment (waived if admitted)
Hospital Care	100%; no copayment	90% after deductible	70% after deductible, carrier max payment \$360 per day
Maternity	100%; no copayment	100% after \$20 copayment for consultation only (not subject to deductible)	70% after deductible
Surgery	100%; no copayment (outpatient \$50 copayment)	90% after deductible	70% after deductible, outpatient-carrier max pymt \$360 per day
X-Ray & Lab Tests	100%; no copayment	90% after deductible	70% after deductible
Prescription Drugs	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preapproval)	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preapproval)	Covered emergencies only - copayment applies
MENTAL HEALTH CARE			
Mental Health-Outpatient	100% after \$10 copayment	100% after \$10 copayment	70% after deductible
	---Provided by Magellan. Must be arranged through MHSA---		
Mental Health-Inpatient	100% no copayment	100% no copayment	70% after deductible, carrier max payment \$360 per day
	---Provided by Magellan. Must be arranged through MHSA---		
OTHER PLAN BENEFITS			
Chiropractic Care	100% after \$10 copayment	100% after \$10 copayment	Not covered
	----Includes acupuncture; unlimited visits/calendar year (based on medical necessity)----		
	---Provided through American Specialty Health Plans----		
Hearing Aids	\$1,000 maximum benefit every two years	Not covered	Not covered
Home Health Care	100% after \$10 copayment	90% after deductible	70% after deductible
	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)	(combined 100 visits per calendar year)
Hospice Care	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency
Physical Therapy	100% after \$10 copayment	90% after deductible	70% after deductible
Skilled Nursing Facility	100%; no copayment (combined 100 days per calendar year)	90% after deductible (combined 100 days per calendar year)	70% after deductible (combined 100 days per calendar year)
*This is a limited benefit summary. Refer to the carrier summary for further details.			
In case of discrepancies, the carrier's summary takes precedence.			
2016 Premium Rates			
Employee Only: \$ 878.00			
Employee + One: \$1,705.44			
Employee + Family: \$2,029.44			

2016 CAPE/Blue Shield

Lite Plan*

(800) 487-3092 www.blueshieldca.com

BENEFITS	PRIMARY CARE NETWORK	PPO NETWORK	OUT-OF-NETWORK (Reimbursements Based On Allowable Amount)
Type of Plan		A Point of Service Plan	
Who is Eligible	All Participants	All Participants	All Participants
Calendar Year Deductible	None	\$400 per person; \$800 per family maximum (combined-PPO Network and Out-of-Network)	\$400 per person; \$800 per family maximum (combined-PPO Network and Out-of-Network)
Maximum Annual Out-of-pocket Expenses	\$1,500/person; \$3,000/family	After deductible, \$4,000/person; \$8,000/family (combined - PPO Network and Out-of-Network)	After deductible, \$6,000/person; \$12,000/family (combined - PPO Network and Out-of-Network)
Lifetime Maximum Benefit	Unlimited	Unlimited	Unlimited
PREVENTIVE CARE			
Immunizations	100%; no copayment	100%; no copayment	100%; no copayment
Periodic Health Exams	100%; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography)	100%; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)	100%; no copayment (including Well Baby/Well Woman Exam, Pap Smear, and Mammography-not subject to deductible)
Vision Care	VSP Providers-\$10 exam copayment; \$10 lenses/frames/contact lenses copayment-up to \$120-one per 12 months	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105
MEDICALLY NECESSARY CARE			
Ambulance	100% after \$50 copayment	80% after deductible	80% after deductible
Doctor Office Visits	100% after \$10 copayment	100% after \$25 copayment for consultation only (not subject to deductible)	70% after deductible
Emergency Room	100% after \$50 copayment (waived if admitted)	100% after \$50 copayment (waived if admitted)	100% after \$50 copayment (waived if admitted)
Hospital Care	100%; no copayment	80% after deductible	70% after deductible, carrier max payment \$360 per day
Maternity	100%; no copayment	100% after \$25 copayment for consultation only (not subject to deductible)	70% after deductible
Surgery	100%; no copayment (outpatient \$75 copayment)	80% after deductible	70% after deductible, outpatient-carrier max pymt \$360 per day
X-Ray & Lab Tests	100%; no copayment	80% after deductible	70% after deductible
Prescription Drugs	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preapproval)	\$5 (generic), \$15 (brand name), \$30 (nonformulary-requires preapproval); Mail-Order- 90-day Supply: \$10 (generic), \$30 (brand name), \$60 (nonformulary-requires preauthorization)	Covered emergencies only - copayment applies
MENTAL HEALTH CARE			
Mental Health-Outpatient	100% after \$10 copayment	100% after \$10 copayment	70% after deductible
	---Provided by Magellan. Must be arranged through MHSA---		
Mental Health-Inpatient	100% no copayment	100% no copayment	70% after deductible, carrier max payment \$360 per day
	---Provided by Magellan. Must be arranged through MHSA---		
OTHER PLAN BENEFITS			
Chiropractic Care	100% after \$15 copayment	100% after \$15 copayment	Not covered
	----Includes acupuncture; unlimited visits/calendar year (based on medical necessity)----		
	---Provided through American Specialty Health Plans----		
Home Health Care	100% after \$10 copayment (combined 100 visits per calendar year)	80% after deductible (combined 100 visits per calendar year)	70% after deductible (combined 100 visits per calendar year)
Hospice Care	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency	100% when provided by authorized hospice agency
Physical Therapy	100% after \$10 copayment	80% after deductible	70% after deductible
Skilled Nursing Facility	100%; no copayment (combined 100 days per calendar year)	80% after deductible (combined 100 days per calendar year)	70% after deductible (combined 100 days per calendar year)
*This is a limited benefit summary. Refer to the carrier summary for further details.			
In case of discrepancies, the carrier's summary takes precedence.			
2016 Premium Rates			
Employee Only: \$ 536.00			
Employee + One: \$1,106.44			
Employee + Family: \$1,380.44			

2016 CAPE/Blue Shield

COBRA PPO Plan*

(800) 487-3092 www.blueshieldca.com

BENEFITS		IN-NETWORK	OUT-OF-NETWORK (Reimbursements Based On Allowable Amount)
Type of Plan		A Preferred Provider Option Plan	
Who is Eligible		Participants residing outside the State of California	Participants residing outside the State of California
Calendar Year Deductible		\$250 per person; \$500 per family maximum (combined-In-Network and Out-of-Network)	\$250 per person; \$500 per family maximum (combined-In-Network and Out-of-Network)
Maximum Annual Out-of-pocket Expenses		After deductible, \$3,000/person; \$6,000/family (combined - In-Network and Out-of-Network)	After deductible, \$10,000/person; \$20,000/family (combined - In-Network and Out-of-Network)
Lifetime Maximum Benefit		Unlimited	Unlimited
PREVENTIVE CARE			
Immunizations		100%; no copayment and not subject to the deductible	100%; no copayment and not subject to the deductible
Periodic Health Exams		100%; no copayment (Includes Well Woman Pap Smear and Mammography/Well Baby Lab subject to deductible)	100%; no copayment (Includes Well Woman Pap Smear and Mammography/Well Baby Lab subject to deductible)
Vision Care		VSP Providers-\$10 exam copayment; \$10 lenses/frames/contact lenses copayment-up to \$120-one per 12 months	Non-VSP Providers-reimbursement per 12 months-exam up to \$45; frames up to \$70; Lenses up to \$65; contacts up to \$105
MEDICALLY NECESSARY CARE			
Ambulance		90% after deductible	90% after deductible
Doctor Office Visits		\$20 copayment (not subject to deductible)	70% after deductible
Emergency Room		90% after \$50 copayment (waived if admitted)	90% after \$50 copayment (waived if admitted)
Hospital Care		90% after deductible	70% after deductible, carrier max payment \$420 per day
Maternity		100% after \$20 copayment (not subject to deductible)	70% after deductible
Surgery		90% after deductible	70% after deductible, outpatient-carrier max pymt \$420 per day
X-Ray & Lab Tests		90% after deductible	70% after deductible
Prescription Drugs		\$10 (generic), \$15 (brand name), \$30 (nonformulary) Mail-Order 90-day Supply: \$20 (generic), \$30 (brand name), \$60 (nonformulary)	Covered for emergencies only - 75% of lesser of actual price or reasonable charge, minus copayment
MENTAL HEALTH CARE			
Mental Health-Outpatient		\$20 copayment (not subject to deductible)	70% after deductible
Mental Health-Inpatient		90% after deductible	70% after deductible, carrier max payment \$420 per day
		Provided by Magellan. Must be arranged through MHSA	
Chiropractic Care		\$20 copayment - maximum 12 visits per calendar year combined with Out-of-Network visits	70% - maximum 12 visits per calendar year combined with In-Network visits
OTHER PLAN BENEFITS			
Home Health Care		90% after deductible (combined 100 visits per calendar year)	70% after deductible (combined 100 visits per calendar year)
Hospice Care		100% when provided by authorized hospice agency	100% when provided by authorized hospice agency
Physical Therapy		90% after deductible	70% after deductible
Skilled Nursing Facility		90% after deductible (combined 100 days per calendar year)	70% after deductible (combined 100 days per calendar year)
*This is a limited benefit summary. Refer to the carrier summary for further details.			
In case of discrepancies, the carrier's summary takes precedence.			
		2016 Premium Rates	
		Employee Only: \$ 877.00	
		Employee + One: \$1,705.00	
		Employee + Family: \$2,029.00	



LOS ANGELES COUNTY FIRE FIGHTERS
LOCAL 1014 HEALTH AND WELFARE PLAN

3100 FLETCHER AVENUE • EL MONTE, CALIFORNIA 91731
 (415) 880-1014 (800) 660-1014 (After 5:00pm)



August 11, 2016

Ms. Eliza M. Camillo
 Senior Human Resources Manager
 Employee Benefits/Deferred Income Division
 Department of Human Resources
 County of Los Angeles
 3333 Wilshire Blvd., Suite #1000
 Los Angeles, California 90010

RE: Plan Year 2016 Employee Insurance Information
Los Angeles County Fire Fighters Local 1014 Health and Welfare
Plan

Dear Ms. Camillo:

I am providing the plan year 2016 employee benefit and premium changes that were approved by the Board of Trustees.

There are no benefit plan changes for 2016. After conferring with Mercer, the Plan's consultant, the Board of Trustees approved a 4.89% premium increase for 2016. Our monthly rates for 2016, rounded to the nearest dollar are as follows:

Member Only	\$ 758.00
Member + 1 Dependent	\$1,447.00
Family	\$1,719.00

Should you have any questions, please contact me by E-mail at reyrus@local1014.org or call me at (800) 660-1014.

Sincerely,

Reginald A. Cyrus, CEBS
 Administrative Manager

C: Local 1014 Health Plan Trustees



August 14, 2015

Attachment A

Ms. Eliza Carrillo
Senior HR Manager
County of Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

Subject: Summary of 2016 Renewal Results and Recommendations (Represented Plans)

Dear Eliza:

The following letter summarizes the 2016 renewal proposals for medical, dental, life and AD&D plans offered to the represented employees at the County of Los Angeles (the County), including our analysis, observations, and recommendations. The renewal request and negotiation process is outlined in the attached Addendum.

The 2016 renewal was impacted by fees imposed under the Affordable Care Act (ACA), the Patient Centered Outcomes Research Institute (PCORI), the insurer fee and the reinsurance fee. Some of these fees are assessed on a per member basis and others are a percent of premium basis. For the medical carriers, Cigna, Kaiser and United Healthcare (UHC), the additional cost impact included in the renewal is 1.4% for Kaiser as a not-for-profit organization and 3.4% for CIGNA and UHC as for profit organization.. For the dental carriers, Delta Dental and Safeguard/MetLife, the additional cost is between 1.0% – 2.1% as reported last year for the two-year renewal of the dental plans.

Medical Plans

Overview

For all represented medical plans, the final projected premium increase for 2016 is **4.9%**, or about **\$40.9 million** over 2015 premiums. The initial proposed renewal increase for the represented medical plans was **5.9%**. Negotiated reductions to the medical renewals equate to approximately **\$9.0 million** with no benefit changes. For more details on final rate increases, please refer to Attachment C.

After evaluation of the renewal proposals, Aon Hewitt recommends that the County accept the final 2016 renewals offered by Cigna, Kaiser and UHC as outlined in the table below.

	Cigna (Choices & Options)	Kaiser Choices	Kaiser Options	UHC Options
Initial 2016 Renewal Action	+15.7%	+3.8%	+3.9%	+8.0%
Final 2016 Renewal Action	+6.9%	+3.8%	+3.6%	+ 6.4%

CIGNA's plans lost grandfathered status for 2015 and it is likely that the UHC plans will for 2016. The consequence of losing grandfathered status is that certain benefits will need to be changed. The changes will be favorable to the members as all day and/or



dollar limitations on essential health benefits will be removed. There will be no reductions in member benefits. Kaiser is expected to maintain grandfathered status. We recommend the County seek the advice of their own legal counsel in this regard, as Aon Hewitt is not a law firm and cannot provide legal advice.

A summary of key issues, proposal terms, and negotiation results are outlined by carrier on the following pages.

Cigna

Cigna initially proposed a **15.7%** increase to the combined HMO and POS rates for 2016, representing an increase over 2015 premiums of approximately **\$8.6 million**; **\$6.38 million** for Choices and **\$2.26 million** for Options. .

Renewal discussions with Cigna targeted the following issues:

- Medical and pharmacy trend methodology
- Analysis of expense calculation
- High per member per month charge
- Analysis of expenses for Health Care Reform
- Factors used to generate demographic adjustment
- Improvements in large claims experience

The County's financial arrangement with Cigna provides for a year-end reconciliation of premiums, claims, and expenses associated with the plan. Surpluses are deposited to the Premium Stabilization Reserve (PSR) and any shortfall is withdrawn from the PSR, to the extent that funds are available. The PSR had grown to a significant level by 2008 and a premium subsidy was applied to the 2009 renewal. No subsidy was applied to the 2010 rates. As claim experience deteriorated, the annual accounting resulted in a deficit, and the stabilization reserve was exhausted. Therefore, there has been no premium offset from the PSR for renewals from 2011 to 2015, and again there is no premium offset for 2016. The chart below summarizes the most recent five years of the PSR (updated based on settlements provided by Cigna).

	2010	2011	2012	2013	2014
Premium	\$54,445,612	\$61,154,703	\$61,520,806	\$60,801,757	\$56,937,422
Year-end (PSR)	(\$1,552,812)	(\$414,033)	(\$1,320,683)	(\$1,238,710)	(\$5,316,794)
PSR % of Premium	-2.85%	-0.68%	-2.15%	-2.04%	-9.34%

Negotiations with Cigna resulted in a final **6.9%** increase. This amounts to an increase of approximately **\$2.8 million** for Choices, and **\$1.0 million** for Options over current costs, and a savings of approximately **\$4.9 million** from Cigna's original proposal. We believe that Cigna has justified their renewal position and that the County should accept their offer.

Kaiser



Kaiser's initial renewal proposal was a **3.8%** increase for the Choices plan, representing an increase from 2015 premiums of approximately **\$4.9 million**. Kaiser's renewal proposal for Options was a **3.9%** increase, representing an increase from 2015 premiums of approximately **\$15.2 million**. Combined, Kaiser's initial renewal proposal for the represented population is a **3.9%** increase, representing an increase from 2015 premiums of approximately **\$20.1 million**.

Kaiser's Southern California commercial trend rate for 2016 is projected to be 5.0%, which includes ACA taxes and fees. Kaiser had performance guarantee penalties of \$58,547 for Choices and \$176,718 for Options, to be applied to the 2016 rates.

Discussions with Kaiser on the renewal proposal targeted the following areas:

- Large claims pooling point
- Medical and pharmacy claims trend
- Historical loss ratio
- ICM fees excess
- Incurred claims adjustment

Aon Hewitt believes that the requested rate increase for the Kaiser Permanente represented plans is reasonable and justified.

United Healthcare

UHC's initial renewal proposal was an **8.0%** overall increase. The increases were a **7.8%** increase to the HMO and a **20.0%** increase to the PPO rates for 2016, representing a total increase of approximately **\$21.2 million** over current premiums. Discussions with UHC targeted the following key areas:

- Medical & pharmacy claims trend
- Underwriting methodology (paid versus incurred)
- Capitation projections
- Pooling charges
- Retention
- Large claims projections
- Demographic adjustment

Negotiations with UHC resulted in an increase of **6.2%** for the HMO and a **20.0%** increase for the PPO, for a combined increase of **6.4%**, representing a total increase of approximately **\$17.1 million**, and a total savings of **\$4.1 million** over the initial renewal position. UHC had 2014 performance guarantee penalties of **\$600,000**, to be applied to the 2016 rates.

The County's financial arrangement with UHC provides for a year-end reconciliation of premiums, claims, and expenses associated with the plan. Surpluses are deposited to the PSR and any shortfall is withdrawn from the PSR, to the extent that funds are available. A premium subsidy of \$189,782 will be applied for 2016.

We believe that UHC has justified their renewal position and the County should accept their offer.



Dental Plans

Delta Dental

Last year, the County concluded a two-year renewal for the period of January 1, 2015 through December 31, 2016 so there is no change to the dental PPO rates nor Delta Care USA's DHMO rates. Delta Dental had 2014 performance guarantees of \$19,857.84 for Choices and \$42,076.26 for Options. These amounts will be applied to the 2017 renewals.

Safeguard Prepaid Dental

Last year, the County concluded a two-year renewal for the period of January 1, 2015 through December 31, 2016 so there is no change to the Safeguard Prepaid Dental rates. Safeguard had no 2014 performance guarantee penalties.

Life and AD&D

Cigna Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At this time, there is no surplus available. Cigna is under rate guarantee through December 31, 2016.

The County's employee and dependent supplemental life insurance are under rate guarantee through December 31, 2016. The AD&D insurance will also maintain its current rates through December 31, 2016, the end of the rate guarantee period.

If you have any questions about the above information, please give me a call to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read "Vern Menden".

Vern Menden
Senior Vice President
Aon Hewitt, Los Angeles

CC:

Pamela Missett – County of Los Angeles
Maryanne Keehn – County of Los Angeles
Susan Moomjean – County of Los Angeles
Robin Urban – County of Los Angeles
Stephen Caulk – Aon Hewitt, Denver



Ms. Eliza Camillo
County of Los Angeles
Page 5

Michael Muheisen, Aon Hewitt, Los Angeles
Vincent Chang, Aon Hewitt, Los Angeles
Linda Ung, Aon Hewitt, Los Angeles



Addendum

Process

The renewal request, analysis, and negotiation are multi-step processes, conducted over a period of several months. Request for Renewals (RFRs) are drafted and reviewed by the Aon Hewitt and County stakeholders.

The RFR includes:

- Stated assumptions and requirements, including a submission letter to be signed by an officer with the authority to bind the carrier
- Questionnaire targeting key County objectives and issues, including rate development, utilization, and legislative issues such as health care reform
- Plan performance exhibits comparing the County's past plan results to the carriers' book of business results
- Rate quotation, rate development, and projected cost exhibits
- Benefit design and contract changes
- Performance guarantees

All stakeholders submit requested changes to the draft. These are reviewed and incorporated into the final RFR, which is then released to the carriers.

Carrier proposals are submitted to all stakeholders at the same time. Following a review and analysis period, Aon Hewitt meets with the County, the Unions and their respective consultants to solicit input and comments on the renewal proposals. All of the comments and input are summarized and communicated to the various carriers. Conference calls and meetings are held between Aon Hewitt and the County as needed to discuss the renewal results, negotiation process, and any open issues.

Responses from the carriers are due prior to the renewal meetings and the responses are delivered to all stakeholders concurrently. Final issues are reviewed in preparation for the renewal meetings.

Renewal meetings are conducted with each medical plan carrier. Attendees include representatives from the County of Los Angeles DHR and CEO offices, Union consultants, BAC and EBAC committees, and Aon Hewitt, as well as the carrier representatives. The carrier representatives generally include account/sales management, financial, operations, and medical/provider relations personnel. Issues discussed during the meetings include both financial and non-financial questions that explore carriers' methodologies for rate development. Outstanding issues and requests for reduced rates (when justified) are presented to each carrier. Following the meeting, carriers must respond to all identified issues in writing to all stakeholders.

The review and negotiation process continues until all open issues are resolved or the carrier has presented their final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.



Ms. Eliza Carrillo
County of Los Angeles
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Attachment B

August 14, 2015

Ms. Eliza Carrillo
Senior HR Manager
County of Los Angeles
3333 Wilshire Boulevard, Suite 1000
Los Angeles, CA 90010-4101

Subject: Summary of 2016 Renewal Results and Recommendations (Non-Represented Plans)

Dear Eliza:

The following letter summarizes the 2016 renewal proposals for medical, dental, life and AD&D plans offered to the non-represented employees at the County of Los Angeles (the County), including our analysis, observations, and recommendations. The renewal request and negotiation process is outlined in the attached Addendum.

The 2016 renewal was also impacted by fees imposed under the Affordable Care Act (ACA), the Patient Centered Outcomes Research Institute (PCORI), the insurer fee and the reinsurance fee. Some of these fees are assessed on a per member basis and others are a percent of premium basis. For the medical carriers the additional cost impact included in the renewal is 0.4% for Kaiser as a not-for-profit organization and 1.4% for Anthem as a for profit organization. For the dental carriers, Delta Dental and Safeguard/MetLife, the additional cost is between 1.0% - 2.1% as reported last year for the two-year renewal of the dental plans.

Medical Plans

Overview

For all non-represented medical plans, the final projected premium increase for 2016 is **8.4%**, approximately **\$14.5 million** over 2015 premiums. The initial proposed renewal increase for the non-represented medical plans was **8.8%**. Negotiated reductions to the medical renewals equate to approximately **\$690 thousand** with no benefit changes. For more details on final rate increases, please refer to Attachment C.

After evaluation of the renewal proposals, Aon Hewitt recommends that the County accept the final 2016 renewals offered by Anthem and Kaiser. The Anthem Catastrophic and PPO plans lost grandfathered status for 2015 and it appears that the HMO plan will lose grandfathered status for 2016. The Anthem POS and the Kaiser HMO are expected to maintain grandfathered status. The consequence of losing grandfathered status is that certain benefits will need to be changed. The changes will be favorable to the members as all day and/or dollar limitations on essential health benefits will be removed. There will be no reductions in member benefits.

. We recommend the County seek the advice of their own legal counsel in this regard, as Aon Hewitt is not a law firm and cannot provide legal advice.



A summary of key issues, proposal terms and negotiation results are outlined by carrier on the following pages.

	Anthem	Kaiser
Initial 2016 Renewal Action	+10.3%	+6.0%
Final 2016 Renewal Action	+9.7%	+6.0%

Anthem Blue Cross

The Anthem Blue Cross program is a minimum premium arrangement, where expected and maximum liability costs are projected based on prior claims experience and the fixed costs associated with administration of the plan. The Anthem maximum liability costs are the basis for the renewals outlined in this letter. Anthem's initial renewal proposal was a **10.3%** increase across all plans or about **\$11.5 million** over 2015 costs. All plans include specific stop loss of \$300,000 per individual. Aggregate stop continues at 110% of projected claims for all Anthem lines of coverage.

Renewal discussions with Anthem targeted the following key areas:

- Retention increase
- Pooling charges
- Medical and pharmacy trends by product
- Capitation rates

Negotiations resulted in an overall increase of **9.7%** across all plans or about **\$10.8 million** over 2015 costs, negotiated reductions of approximately **\$690 thousand**.

Anthem provided their 2014 performance guarantee report and applied the penalty of **\$22,440** as a credit to the County's June 2015 invoice, so there is no direct impact to the renewal.

Vision benefits for the HMO, POS and PPO plans are offered on a non-participating fully insured basis through an arrangement between Anthem and VSP. There is also a portion of the vision benefit (coverage for laser eye surgery) that is self-insured by the County. The insured portion of the VSP benefit renewed is on a rate guarantee through 12/31/2016. The cost of the vision program is included in the Anthem renewals described above.

We believe Anthem's most recent renewal proposal is justified and recommend that the County accept it.

Kaiser



Kaiser's initial and final renewal proposal is a **6.0%** increase or about **\$3.7 million** above 2015 costs for the Flex/MegaFlex plan. Kaiser had performance guarantee penalties of \$29,078 for the non-represented population that will be applied to 2016 rates.

Discussions with Kaiser on the renewal proposal targeted the following areas:

- Large claims pooling point
- Medical and pharmacy claims trend
- Historical loss ratio
- ICM fees excess
- Incurred claims management

We negotiated with Kaiser, and Kaiser refused to move from the initial renewal increase of 6.0% above 2015 costs for the Flex/MegaFlex plan. We believe Kaiser's renewal proposal is justified and recommend that the County accept it.

Dental Plans

Delta Dental

Last year, the County concluded a two-year renewal for the period of January 1, 2015 through December 31, 2016 so there is no change to the dental PPO rates nor Delta Care USA's DHMO rates. Delta Dental had 2014 performance guarantee penalties of \$11,395.73, which will be applied to the 2017 renewal.



Ms. Eliza Carrillo
County of Los Angeles
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Safeguard Prepaid Dental

Last year, the County concluded a two-year renewal for the period of January 1, 2015 through December 31, 2016 so there is no change to the Safeguard Prepaid Dental rates. Safeguard had no 2014 performance guarantee penalties.

Life and AD&D

Cigna Life

The basic life plan is a participating contract, meaning the County shares in surpluses on the plan. At this time, there is no surplus available. Cigna is under rate guarantee through December 31, 2016.

The AD&D insurance will maintain its current rates through December 31, 2016, the end of the rate guarantee period. A review of the MetLife GVUL plan was conducted, and based upon required premiums and claims experience, plan rates were deemed to be set at appropriate levels.

If you have any questions about the above information, please give me a call to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read "Vern Menden".

Vern Menden
Senior Vice President
Aon Hewitt, Los Angeles

CC:

Pamela Missett – County of Los Angeles
Maryanne Keehn – County of Los Angeles
Susan Moomjean – County of Los Angeles
Robin Urban – County of Los Angeles
Stephen Caulk – Aon Hewitt, Denver
Michael Muheisen, Aon Hewitt, Los Angeles
Vincent Chang, Aon Hewitt, Los Angeles
Linda Ung, Aon Hewitt, Los Angeles

Addendum

Process

The renewal request, analysis and negotiation are multi-step processes, conducted over a period of several months. A planning meeting with the County begins the process in which objectives for the following plan year are established. This process was conducted by the County and Aon Hewitt.

Based on the planning meeting discussions, a Request for Renewal (RFR) was drafted. The RFR includes:

- Stated assumptions and requirements, including a submission letter to be signed by an officer of the carrier with the authority to bind their proposal
- Questionnaire targeting key County objectives and issues, including rate development, utilization, legislative issues such as mental health parity and health care reform
- Plan performance exhibits comparing the County's past plan results to the carriers' book of business results
- Rate quotation, rate development and projected cost exhibits
- Benefit design and contract changes
- Performance guarantees

All stakeholders submit requested changes to the draft. These are reviewed and incorporated into the final RFR, which is then released to the carriers.

Carrier proposals are submitted to all stakeholders at the same time. Following a review and analysis period, Aon Hewitt solicits input and comments from the County, and their comments are incorporated into the communications to the . Conference calls and meetings are held between Aon Hewitt and the County as needed to discuss the renewal results, negotiation process and any open issues.

Responses to the communications are due from the carriers prior to the renewal meetings. Again, the responses are delivered to all stakeholders concurrently. Final issues are reviewed and prepared for the renewal meetings.

Renewal meetings are conducted with each medical plan carrier. Attendees include representatives from the County of Los Angeles DHR and CEOs' offices, Aon Hewitt, and carrier representatives. The carrier representatives generally include account/sales management, financial, operations, and medical/provider relations personnel. Issues discussed during the meetings include both financial and non-financial questions that explore carriers' methodologies for rate development. Outstanding issues and requests for reduced rates (when justified) are presented to each carrier. Following the meeting, carriers must respond to all identified issues in writing to all stakeholders.

The review and negotiation process continues until all open issues are resolved or the carrier has presented their final offer. The negotiation does not always result in agreement on particular topics; however, it may result in overall business concessions from the carriers.

**County of Los Angeles
2016 Renewal Results**

	2015 Current Plan	2016 Initial Renewal Current Plan	2016 Negotiated Renewal Current Plan	% Change from 2015	Negotiated Savings	Performance Guarantee Credits	Total Change from Base Renewal
Flex/MegaFlex							
Kaiser	\$61,390,230	\$65,065,401	\$65,065,401	6.0%	\$0	\$29,078	(\$29,078)
Anthem ¹	\$111,550,592	\$123,068,681	\$122,378,482	8.7%	\$690,279	\$22,440	(\$712,719)
Options							
Kaiser ²	\$391,976,803	\$407,162,419	\$407,182,419	3.9%	\$0	\$175,718	(\$175,718)
Cigna ³	\$14,354,738	\$16,609,960	\$16,340,761	8.8%	\$1,269,209	\$0	(\$1,269,209)
UnitedHealthcare	\$265,453,304	\$286,644,362	\$282,604,812	8.4%	\$4,139,450	\$600,000	(\$4,739,450)
Choices							
Kaiser ²	\$130,026,950	\$134,952,000	\$134,862,000	3.8%	\$0	\$58,547	(\$58,547)
Cigna ³	\$40,571,423	\$46,947,574	\$43,368,148	8.8%	\$3,588,426	\$0	(\$3,588,426)
Total Medical⁴	\$1,015,324,041	\$1,080,450,396	\$1,070,783,031	6.6%	\$9,687,364	\$886,783	(\$10,574,147)
Delta PPO & DeltaCare HMO⁵							
Flex	\$11,980,871	\$11,980,871	\$11,980,871	0.0%	\$0	\$11,396	(\$11,396)
Options	\$54,061,798	\$54,061,798	\$54,081,788	0.0%	\$0	\$42,076	(\$42,076)
Choices	\$18,981,574	\$18,981,574	\$18,881,674	0.0%	\$0	\$19,858	(\$19,858)
Safeguard²							
Flex	\$184,010	\$184,010	\$184,010	0.0%	\$0	\$0	\$0
Options	\$1,432,009	\$1,432,009	\$1,432,009	0.0%	\$0	\$0	\$0
Choices	\$818,858	\$818,858	\$818,858	0.0%	\$0	\$0	\$0
Total Dental⁴	\$87,459,121	\$87,459,121	\$87,459,121	0.0%	\$0	\$73,330	(\$73,330)
Cigna Basic Life	\$834,538	\$834,538	\$834,538	0.0%	\$0	\$0	\$0
Cigna AD&D	\$4,014,411	\$4,014,411	\$4,014,411	0.0%	\$0	\$0	\$0
Cigna Optional Life	\$26,738,347	\$26,738,347	\$26,738,347	0.0%	\$0	\$0	\$0
Cigna Dependent Life	\$1,466,305	\$1,466,305	\$1,488,306	0.0%	\$0	\$0	\$0
Total Life & AD&D⁵	\$33,053,600	\$33,053,600	\$33,063,800	0.0%	\$0	\$0	\$0
TOTAL	\$1,135,836,763	\$1,200,963,117	\$1,181,276,763	4.8%	\$9,687,364	\$960,113	(\$10,647,477)

Footnotes:

1. Anthem rates are calculated based on an expected premium basis plus 1% claims margin
2. Performance guarantee penalties are reported together by carrier but are shown split by group based on premium volume
3. Cigna does not incorporate performance guarantee penalties into rates; penalty amounts are credited to the PSR
4. Medical & dental premiums are calculated using January 2015 enrollment to project estimated annual cost
5. Life & AD&D premiums are calculated using January 2013 premium payments to project estimated annual cost
6. Underlying rates are rounded to two decimal places; percentages shown are rounded to one decimal point